

## 11.5 PROMOTION DECISIONS

### 11.5.1 Introduction

Promotions refer to the entire set of activities, which communicate the product, brand or service to the user. The idea is make people aware, attract and induce to buy the product, in preference over others.

Promotion may be defined as "the co-ordination of all seller initiated efforts to set up channels of information and persuasion to facilitate the sale of a good or service."

Promotion is most often intended to be a supporting component in a marketing mix. Promotion decision must be integrated and co-ordinated with the rest of the marketing mix, particularly product/brand decisions, so that it may effectively support an entire marketing mix strategy. The promotion mix consists of four basic elements. They are :

1. Advertising
  2. Personal Selling
  3. Sales Promotion, and
  4. Public Relation
1. **Advertising** : Any paid form of non-personal presentation of ideas, goods, or services by an identified sponsor. Although some advertising is directed to specific individuals (as, for example, in the use of direct mail), most advertising messages are tailored to a group, and employ mass media such as radio, television, newspaper, and magazines.
  2. **Personal Selling** : An oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales. It includes several different forms, such as sales calls by a field representative (field selling), assistance by a sales clerk (retail selling), having an Avon representative call at home (door-to door selling).
  3. **Public Relations** : A non-personal stimulation of demand for a product, service, or business unit by planting commercially significant news about it in a published medium (i.e., publicity) or obtaining favorable presentation it through vehicles not paid for by the sponsor. Although commissions are not paid to the various media, there are salaries and other expenses that mean that public relations are not a costless form of promotion.
  4. **Sales Promotion** : Those marketing activities that add to the basic value of the product for a limited time period and thus directly stimulate consumer purchasing and dealer effectiveness. These activities include displays, shows and exhibitions, demonstrations, and various nonrecurring selling efforts not in the ordinary routine.

As the provision for an additional incentive to buy, these tools can be directed at consumers, the trade, or the manufacturers own sales force.

### 11.5.2 Objectives of Promotion

- **Build Awareness** : New products and new companies are often unknown to a market, which means initial promotional efforts must focus on establishing an identity. In this situation the marketer must focus promotion to :
  1. Effectively reach customers, and
  2. Tell the market who they are and what they have to offer.
- **Create Interest** : The focus on creating messages that convince customers that a need exists has been the hallmark of marketing for a long time with promotional appeals targeted at basic human characteristics such as emotions, fears, sex, and humor.

- **Provide Information** : In some cases, such as when a product is create a new category of product and has few competitors. The information is simply intended to explain what the product is and may not mention any competitors. In other situations, where the product competes in an existing market, informational promotion may be used to help with a product positioning strategy.
- **Stimulate Demand** : The right promotion can drive customers to make a purchase. In the case of products that a customer has not previously purchased or has not purchased in a long time, the promotional efforts may be directed at getting the customer to try the product. This is often seen on the Internet where software companies allow for free demonstrations or even free downloadable trials of their products.
- **Reinforce The Brand** : Once a purchase is made, a marketer can use promotion to help build a strong relationship that can lead to the purchaser becoming a loyal customer. For instance, many retail stores now ask for a customer's email address so that follow-up emails containing additional product information or even an incentive to purchase other products from the retailer can be sent in order to strengthen the customer-marketer relationship.

### Budget of Advertisement

Several methods are used for setting advertising budget. Depending upon internal situations of the company, the suitable method is followed.

**1. Percentage of Sales Method** : It is a commonly used method to set advertising budget. In this method, the amount for advertising is decided on the basis of sales.

**2 Objectives and Task Method** : This is the most appropriate ad budget method for any company. It is a scientific method to set advertising budget. The method considers company's own environment and requirement. Objectives and task method guides the manager to develop his promotional budget by (1) defining specific objectives, (2) determining the task that must be performed to achieve them, and (3) estimating the costs of performing the task. The sum of these costs is the proposed amount for advertising budget.

**3. Competitive Parity Method** : Competition is one of the powerful factors affecting marketing performance. This method considers the competitors' advertising activities and costs for setting advertising budget.

**4. Affordable or Fund Available Method** : The method is based on the company's capacity to spend. It is based on the notion that a company should spend on advertising as per its capacity. Company with a sound financial position spends more on advertising and vice versa.

**5. Expert Opinion Method** : Many marketing firms follow this method. Both internal and external experts are asked to estimate the amount to be spent for advertisement for a given period. Experts, on the basis of the rich experience on the area, can determine objectively the amount for advertising. Experts supply their estimate individually or jointly.

**6. Other Methods :**

- Arbitrary Allocation Method
- Profit Maximization Approach
- Incremental Method
- Sales Force Opinion Method, etc.

### The Promotion Mix

The manner in which the four components (i.e., advertising, personal selling, sales promotion, public relations) are combined into an effective whole is called the FMC mix.

The promotion mix tends to be highly customized. While, in general, we can conclude that business-to-business marketers tend to emphasize personal selling and sales promotion over advertising and public relations, and that mass marketers are just the opposite, there are many exceptions.

1. **Marketing/FMC Objectives** : Companies that desire broad market coverage or quick growth in market share, for example, must emphasize mass advertising in order to create a dramatic and simultaneous impact.
2. **Nature of the Product** : The basic characteristics of product (highly technical) suggest the need for demonstration and explanation through personal selling, or mass advertising in the case of a product with emotional appeal (perfume)
3. **Place in the Product Lifecycle** : Products in the introductory stage in the life cycle often need mass advertising and sales promotion, those in maturity need personal selling, and those in decline employ sales promotion.
4. **Available Resources** : Companies with limited financial and human resources are often restricted to sales promotion and public relations while those with plenty of both opt for mass advertising and personal selling.

### The Promotion Options

- (a) **Public Relations (PR)** : Media coverage of firm or brand; usually unpaid (but not always unbiased).
  - (b) **Personal Selling** : Face-to-face communication between sales representatives and customers.
  - (c) **Direct Marketing** : Direct solicitation from target consumers; including e-mails
  - (d) **Viral Marketing (or WOM or Buzz)** : Using customers to send message to other customers.
1. Advertising
  2. Sales Promotion
  3. Public Relations
  4. Direct Marketing
  5. Personal Selling.

### 1. Advertising

The word advertising originates from a Latin word advertise, which means to turn to. The dictionary meaning of the term is "to give public notice or to announce publicly".

**According to American Marketing Association** "Any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor"

**According to Mathews and Buzell** marketing an introductory analysis list at least sixteen different reasons for the advertising but these can be effectively condensed into four major strategies :

- To stimulate a short term increase in sales volume
- To develop a new market.
- To increase the company share of an existing market
- To build a favorable attitude to the company as a whole.

### Objectives of Advertising

- (i) **To Stimulate Sales amongst Present, Former and Future Consumers** : It involves a decision regarding the media, e.g., TV rather than print;
- (ii) **To Communicate with Consumers** : This involves decision regarding copy;
- (iii) **To Retain the Loyalty of Present and Former Consumers** : Advertising may be used to reassure buyers that they have made the best purchase, thus building loyalty to the brand name or the firm.

- (iv) **To Increase Support** : Advertising impliedly bolsters the morale of the sales force and of distributors, wholesalers, and retailers; it thus contributes to enthusiasts and confidence attitude in the organizational.
- (v) **To Project Image** : Advertising is used to promote an overall image of respect and trust for an organization. This message is aimed not only at consumers, but also at the government, shareholders, and the general public.

#### Element of Advertising

- It is a mass communication reaching a large group of consumers.
- It makes mass production possible.
- It is non-personal communication, for it is not delivered by an actual person, nor is it addressed to a specific person.
- It is a commercial communication because it is used to help assure the advertiser of a long business life with profitable sales.
- Advertising can be economical, for it reaches large groups of people. This keeps the cost per message low.
- The communication is speedy, permitting an advertiser to speak to millions of buyers in a matter of a few hours.
- Advertising is identified communication. The advertiser signs his name to his advertisement for the purpose of publicizing his identity.

#### Developing of Advertising Programme

1. **Defining the Product or Service** : Before developing the plans and strategies for advertising, the product or service offered by the company is clearly defined. This means that the position of the product in the market is determined. Its customer base for effectively marketing it to the people at large. It is also important to understand the primary objective of the product or company.
2. **Understanding the Target Audience** : This is an important step in creating a strategy for advertising. Various factors are to be considered for determining the target audience such as demographic factors, psychographic factors, behavioral patterns, etc. The advertising plan is created after considering these factors. For e.g. cosmetic and beauty products are aimed at the women audience. The advertising strategy is derived accordingly.
3. **Market Research** : Once the target market is determined, the next step is to study the market for that particular product. Research about the products already available in the market, what problems are faced in getting those products, what does the consumer desire from such products and such other issues. A marketing and advertising plan can be derived with the help of this study. Also, find out the latest trends in the market.
4. **Developing a Marketing Plan** : The strategies formed with the help of market research can be put down as the plan of action for marketing the product. This means, a marketing plan is created after determining the current trends in the market. The marketing plan aims to create a niche of the product so that it stands out among the competition. The plan of action also helps to establish the positioning of product.
5. **Deciding Communication Media** : The marketing plan is put to action using various channels of communication. It is important to choose the right media or a media mix for advertising. This depends on the product or service that is being marketed. The choice of the medium is made after considering the target audience and market research. If a physiology equipment is to be marketed, its advertisement will be put up as flyers or brochures in a doctor's clinic or hospitals; in health magazines and websites and so on.

6. **Budget** : The budget may be determined either before or after creating an advertising strategy. It can be based on the resources available to the company. If the company has an expensive budget, they can carry out high Impact advertising extensively. They can create effective advertising strategy without worrying about the finance. On the other hand, if the company has limited budget, that alone dictates the advertising strategy. Because, at every step of the market plan and advertising strategy, they have to consider the budget.
7. **Developing of Advertising Message** : Advertising Message can be both Product related and customer related. An Advertising Message should be meaningful, distinctive and believable.
8. **Marketing Methods** : Company can consider from among two types of methods to advertise while creating the strategy. They are push method and pull method. They can decide to go with either depending on their strategy and objective. Push method aims to convince the retailers or sales person to promote the product, whereas pull method is directly aimed at the consumers.
9. **Evaluation of advertising Effectiveness** : Next step is to judge the performance of the ad in terms of the response from the customers, whether they are satisfied with the ad and the product, did the ad reached all the targeted people, was the advertise capable enough to compete with the other players, etc.
10. **Modifying Advertising Strategy** : This process does not end on creating and implementing the advertising strategy. One has to stay in touch with the trends in marketing and modify the marketing strategy time to time.

#### Media for Advertisement

1. **Television Advertising - TV** : TV advertising is a popular way to mass-market messages to large audiences. Although this medium has the ability to reach a high number of potential buyers, it is also one of the most costly forms of advertising.
2. **Radio Advertising** : Radio advertising is an effective way for businesses to target a group of people based on location or similar tastes.
3. **Print Advertising** : Magazine and newspaper advertisements are another way to spread the word about a product or service. Print advertising also offers the ability to target specific audience based on geography or common interests. Print advertising usually includes larger display ads, as well as classified advertising.
4. **Online Advertising** : Advertising online is an increasingly popular method for promoting a business. There are many forms of online advertising. Banners are image advertising displayed on web pages. Google advertisement is another popular form of online advertising that matches an ad to an internet user's search inquiry.
5. **Billboard Advertising (Outdoor)** : Billboard advertisements are large advertisements displayed on structures in public places. Most commonly, billboards are located along the highways to target the passing motorists.
6. **In-store Advertising** : In-store advertising, takes place within a retail store. For example, a company that produces a new cleaning product might include an end cap display when they ship the product to stores. This gives the store an attractive display that draws attention to the new product. Other types of in-store advertising include banners and display cases.
7. **Word of Mouth Advertising** : While some may argue that word of mouth is not advertising because it is free, this form of promotion is one of the best and the most credible and priceless asset of any business. Even if business owners cannot buy word of mouth advertising, they can encourage their customers to tell their friends and family about the great product or service they purchased.



8. **Endorsements** : Endorsement is similar to word of mouth promotion but typically does involve money. Having a product or service endorsed by a celebrity can increase sales and product awareness. Every company can afford to have major A-list celebrities promoting a product. Smaller companies consider using local celebrities or well-known individuals within the product's niche market.

**Table : Appraisal Mass Media**

| Type  | Strength  | Weakness  |
|---|---|---|
| Television  | <ol style="list-style-type: none"> <li>1. Strong emotional impact</li> <li>2. Mass coverage/small cost per impression</li> <li>3. Repeat message</li> <li>4. Creative flexibility</li> <li>5. Entertaining/prestigious</li> </ol> | <ol style="list-style-type: none"> <li>1. High costs</li> <li>2. High clutter (too many ads)</li> <li>3. Short-lived impression</li> <li>4. Programming quality</li> <li>5. Schedule inflexibility</li> </ol> |
| Radio   | <ol style="list-style-type: none"> <li>1. Provides immediacy</li> <li>2. Low cost per impression</li> <li>3. Highly flexible</li> </ol>   | <ol style="list-style-type: none"> <li>1. Limited national coverage</li> <li>2. High clutter</li> <li>3. Less easily perceived during drive time</li> <li>4. Fleeting message</li> </ol>                      |
| Newspapers  | <ol style="list-style-type: none"> <li>1. Flexibility</li> <li>2. Community prestige</li> <li>3. Market coverage</li> <li>4. Offer merchandising services</li> <li>5. Reader involvement</li> </ol>                               | <ol style="list-style-type: none"> <li>1. Short life</li> <li>2. Technical quality</li> <li>3. Clutter</li> <li>4. Timing flexibility</li> <li>5. Two-tiered rate structure</li> </ol>                        |
| Magazines   | <ol style="list-style-type: none"> <li>1. Highly segmented audiences</li> <li>2. High-profile audiences</li> <li>3. Reproduction qualities</li> <li>4. Prestigious</li> <li>5. Long life</li> <li>6. Extra services</li> </ol>    | <ol style="list-style-type: none"> <li>1. Inflexible</li> <li>2. Narrow audiences</li> <li>3. Waste circulation</li> <li>4. High cost</li> </ol>  |
| Outdoor Transit   | <ol style="list-style-type: none"> <li>1. Inexpensive</li> <li>2. Flexible</li> <li>3. Reminder</li> <li>4. Repetition</li> <li>5. Immediacy</li> </ol>   | <ol style="list-style-type: none"> <li>1. Short/concise messages</li> <li>2. Negative reputation</li> <li>3. Uncontrollable</li> <li>4. Inflexible</li> </ol>   |
| Direct Mail   | <ol style="list-style-type: none"> <li>1. Flexibility</li> <li>2. Develop complete/precise message</li> <li>3. Supplement</li> </ol>  | <ol style="list-style-type: none"> <li>1. Negative image</li> <li>2. High cost per impression</li> <li>3. High production costs</li> <li>4. Dependent upon mailing list</li> </ol>                            |
| Specialty Advertising<br>(Directories,<br>matchbooks,<br>calendars, etc.) | <ol style="list-style-type: none"> <li>1. Positive reinforcement</li> <li>2. Segmented markets</li> <li>3. Flexible</li> </ol>  | <ol style="list-style-type: none"> <li>1. Wasteful</li> <li>2. Expensive</li> </ol>   |
| Interactive   | <ol style="list-style-type: none"> <li>1. Flexible</li> <li>2. Repetition</li> <li>3. Involvement</li> </ol>  | <ol style="list-style-type: none"> <li>1. Hard to measure</li> <li>2. Limited market coverage</li> <li>3. Uncontrollable</li> </ol>   |

## 2. Sales Promotion

Sales promotion consists of diverse collection of incentive tools, mostly short-term designed to stimulate quicker and / or greater purchase of a particular product by consumers or the trade. Whereas advertising offers a reason to buy, sales promotion offers an incentive to buy.

**According to American Marketing Association** defines sales promotion as, "marketing activities, other than personal selling, advertising, and publicity, that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and exhibitions, demonstrations, and various non-recurrent selling efforts not in the ordinary routine."

**W.J. Stanton defines** sales promotion as all those activities other than advertising, personal selling, public relations and publicity that are intended to stimulate customer demand and improve the marketing performance of sellers.

**According to Roger, A., Strang,** "sales promotions are short-term incentives to encourage purchase or sale of a product or service".

**According to Philip, Kotler** is of the view that "sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and for greater purchase of particular products/service by consumers or the trade".

"The term sales promotion refers to many kinds of selling incentives and techniques intended to produce immediate or short-term sales effects. Typical sales promotion includes coupons, samples, in-pack premiums, self-liquidating premiums, value-packs, refunds and rebates, price-off packs, contests, sweepstakes, trade shows, continuity plans and others.

Sales promotion includes tools for consumer promotion (for example samples, coupons, prizes, cash refund, warranties, demonstrations, contest); trade promotion (for example buying allowances, free goods, merchandise allowances, co-operative advertising, advertising and display allowances, dealer sales contests); and sales-force promotion (for example bonuses, contests, sales rallies).

### **Objective of Sales Promotion**

**(i) To Introduce New Products :** To induce buyers to purchase a new product, free samples may be distributed or money and merchandise allowance may be offered to business to stock and sell the product.

**(ii) To Attract New Customers and Retain The Existing Ones :** Sales promotion measures help to attract or create new customers for the products. While moving in the market, customers are generally attracted towards the product that offers discount, gift, prize, etc. on buying. These are some of the tools used to encourage the customers to buy the goods.

**(iii) To Maintain Sales of Seasonal Products :** There are some products like air conditioner, fan, refrigerator, cooler, winter clothes, room heater, sunscreen lotion, glycerin soap etc., which are used only in particular seasons. To maintain the sale of these types of products normally the manufacturers and dealers give off-season discount. For example, we can buy air conditioner in winter at a reduced price. Similarly you may get discount on winter clothes during summer.

**(iv) To Meet The Challenge of Competition :** Today's business faces competition all the time. New products frequently come to the market and at the same time improvement also takes place. So sales promotion measures have become essential to retain the market share of the seller or producer in the product-market.

**(v) To Increase Sales in Off Season :** Buyers may be encouraged to use the product in off seasons by showing them the variety of uses of the product.

**(vi) To Increase The Inventories of Business :** Buyers Retailers may be induced to keep in stock more units of a product so that more sales can be effected.

### **Evaluation of Sales Promotion**

It is essential as with any promotional technique to evaluate the effectiveness of the promotional campaign. Sales promotion like advertising is a very expensive promotional activity and it is of primary importance that as a marketer customer understand the propensity for the campaign to succeed or fail.

### Typical Evaluation Methods will Include

Many sales promotion tools are available to accomplish these objectives at the consumer level, and at the middle men level. For the purpose of convenience, the types of sales promotion methods may be grouped under three categories :

1. Sales promotion directed at consumers.
2. Sales promotion directed at dealers and distributors

### Consumer Promotion Tools

Consumers, objectives include encouraging purchase of larger-size units, building trial among non-users and attracting switches away from competitor's brands. The main consumer promotion tools include samples, coupons, cash refund offers, price packs, premiums, prizes, patronage rewards, free trials, product warranties, tie-ins, and point of purchase displays and demonstrations.

**(i) Samples :** Samples are offers of a free amount or trial of a product to consumers. The sample might be delivered door to door sent in the mail, picked up in a store, found attached to another product or featured in an advertising offer. Sampling is the most effective and most expensive way to introduce a new product.

**(ii) Coupons :** Coupons are certificates entitling the bearer to a stated saving on the purchase of a specific product. Coupons can be mailed, enclosed in or on other products or inserted in magazine and newspaper advertisements. Coupons can be effective in stimulating sales of a mature brand and inducing early trial of a new brand.

**(iii) Cash Refund Offers or Rebates :** These are like coupons except that the price reduction occurs after the purchase rather than at the retail shop. The consumer sends a specified "proof of purchase" to the manufacturer, who in turn "refunds part of the purchase price by mail. Cash refunds have been used for major products such as automobiles as well as for packaged goods.

**(iv) Price Packs :** These are offers to consumers of savings off the regular price of a product, identified on the label or package. They may take the form of a reduced-price pack which is single packages sold at a reduced price (such as two for the price of one) or a banded pack, which is two related products banded together (such as a tooth brush and tooth paste). Price packs are very effective in stimulating short term sales, even more than coupons.

**(v) Premiums or Gifts :** These are merchandise offered at a relatively low cost or free as an incentive to purchase a particular product. Sometimes the package itself, is a reusable container may serve as a premium. A self-liquidating premium is an item sold below its normal retail price to consumers who request it.

**(vi) Prizes :** These are offers of the chance to win cash, trips or merchandise as a result of purchasing something. Pepsi cola offered the chance to win cash by matching numbers under the bottle cap with numbers announced on television. Sometimes the prize is a person, offering the winner either cash or dinner with actor Sharuk Khan.

**(vii) Patronage Awards :** These are values in cash or in other forms that are proportional to one's patronage of a certain vendor or group of vendors. Most airlines offer "frequent flyer plans" providing points for miles traveled that can be turned in for free airline trips. Cooperatives pay their members dividends according to their annual patronage.

**(viii) Free Trials :** Free trials consist of inviting prospective purchasers to try the product without cost in the hope that they will buy the product. Thus, often we see, auto dealers encourage free test drives to stimulate purchase interest.

**(ix) Product Warranties :** These are an important tool, especially as consumers become more quality sensitive. When TVS offered a two years car warranty, substantially longer than other competitor's customers took notice. They inferred that TVS quality must be good or else the company would be in deep trouble. Companies must carefully estimate the sales-generating value against the potential costs of any proposed warranty programme.



**(x) Tie-in Promotions :** In a tie in promotion two or more brands or companies team up on coupons, refunds and contests to increase their pulling power. Companies pool funds with the hope of broader exposure, while several sales forces push these promotions to retailers, giving them a better shot at extra display and ad space.

**(xi) Point-of-Purchase Displays :** Display of visible mark or product at the entrance of the store is an example. Unfortunately, many retailers do not like to handle the hundreds of displays, signs and posters they receive from manufacturers. Hindustan Lever often use this tool to promote its products in the retail market.

**(xii) Product Demonstrations :** Products are being shown in action. Consumers can visit the store and see the usage of product in live action so that doubts of the consumers can be clarified in the store itself. When a new product is introduced in the market, the sales promotional tool is often used for example ultra-modern grinder mixer being used by the company to demonstrate it specialist than the other product.

### Trade Promotion Tools

For retailer's objectives retailers to carry new items and 188 higher levels of inventory, encouraging off-season buying, encouraging, stocking of related items, off -setting competitive promotions, building brand loyalty of retailers and gaining entry into new retail outlets. For sales force, objectives include encouraging support of a new product or model, encouraging more prospecting and stimulating off-season sales.

Manufacturers seek the following objectives in awarding money to the trade :

- (i) Trade promotion can persuade the retailer or wholesaler to carry the brand.
- (ii) Trade promotion can persuade the retailer or wholesaler to carry more than it normally carries.
- (iii) Trade promotion can induce the retailers to promote the brand through featuring, display, and price reduction.
- (iv) Trade promotion can stimulate retailers and their sales clerks to push the product.

Manufacturers use several promotion tools. Some of which are mentioned below :

**(a) Price - Off :** Manufacturers may offer a price - off, which is straight discount off the list price on each case purchased during a stated period of time. The offer encourages dealers to buy a quantity or carry a new item that they might not ordinarily buy. The dealers can use the buying allowance for immediate profit or price reductions.

**(b) Allowance :** Manufacturers may offer an allowance in return for the retailer's agreeing to feature the manufacturer's products in some way. An advertising allowance compensates retailers for advertising the manufacturer's product. A display allowance compensates them for carrying a special display of the product.

**(c) Free Goods :** Manufacturers may offer free goods, which are extra cases of merchandise to middlemen who buy a certain quantity of items.

**(d) Push Money :** Manufacturers may offer push money which is cash or gifts to dealers or their sales force to push the manufacturer's goods.

**(e) Specialist Advertising Items :** Manufacturers may offer free specialty advertising items to the retailers that carry the company's name such as pens, pencil, calendars, paper weights, and memo pads.

As the number of competitive sales promotions have increased, friction has been created between the company's sales force and its brand managers. The sales force says that the retailers will not keep products on the shelf unless they receive more trade promotion money, while the brand managers want to spend their funds on consumer promotion and advertising.

### 3. Public Relation

Every organization engages in some form of public relations (PR). In essence, every form of communication emitted by an organization both internally and externally is perceived by various publics. In term, these publics form attitudes and opinions about that organization, which affect their behaviors. These behaviors range from low morale on the part of the employees to product rejection on the part of consumers.

The definition that encompasses all these considerations, and was coined at the First Assembly of **Public Relations Associations** in 1987, follows: Public Relations practice is the art of social science in analyzing trends, predicting their consequences, counseling organization leaders and implementing planned programs of action, which serve both the organizations and the public interest.

**According to Edward L Bemays** "Public relations is the attempt by information persuasion and adjustment to engineer public support for an activity, cause, movement or institution."

**According to Charles Plackrd** "Merely human decency which flows from a good heart"

**According to Institute of Public Relations, USA** "Public Relations is the deliberate, planned and sustained effort to establish and maintain mutual understanding between on organization and its publics."

Public Relations is distinctive management function which helps establish and maintain mutual lines of communication, understanding, acceptance and cooperation between an organization and its publics; involves the management of problems or issues; helps management to keep informed on and responsive to public opinion; defines and emphasizes the responsibility of management to serve the public interest helps management keep abreast of and effectively utilize change, serving as an early warning system to help anticipate trends; and uses research and sound and ethical communication as its principal tools.

#### Typical Techniques Include

- Press releases
- Press conferences
- Publications
- Advertising
- Media relations
- Events
- Annual reports
- Lobbying
- Internal PR

Public relations must be sensitive to two general types of publics :

- (i) Internal and
- (ii) External

**Internal publics** are the people who are already connected with an organization, and with whom the organization normally communicates in the ordinary routine of work. Typical internal publics in an industry are the employees, stockholders, suppliers, dealers, consumers, and plant neighbors. For example, employees want good wages and working conditions, opportunities for advancement, and a secure retirement. Customers want a dependable supply of quality products provided at a fair price and supported by convenient services. Stakeholders want dividends, growth, and a fair return on their investments.

**External publics** are composed of people who are not necessarily closely connected with a particular organization. For example, members of the press, educators, government officials, or the priesthood mayor may not have an interest in an industry. The leaders of the industry cannot assume any automatic interest and, to some extent, must choose whether to communicate with these groups.

## Functions of Public Relations

- Public Relations is establishing the relationship among the two groups (organization and public).
- Art or Science of developing reciprocal understanding and goodwill.
- It analyses the public perception & attitude, identifies the organization policy with public interest and then executes the programme for communication with the public

## Components and Tools of Public Relations

**(i) Public** : A group of similar individuals; an assortment of persons having the same interests, problems, circumstances, goals; it is from such persons that opinion emanates.

Public is a varied creature; it comes in many forms and sizes. Public has a multitude of wants and desires; it has its likes and dislikes, sometimes, strong likes and strong dislikes.

Employers make for a public and employees another public; the government is a public and citizens constitute another public, and so on, each of these groups is a public of the sort, tries to attract a different audience with its own tools and techniques.

**(ii) Relations** : Human wants to create the need to establish relations with one another. The representative wants of the individuals will profoundly affect their relationship. To understand any relationship, therefore, one must understand the wants of those involved.

**(iii) Propaganda** : Propaganda is the manipulation of symbols to transmit accepted attitudes and skills. It describes political application of publicity and advertising, also on a large scale, to the end of selling an idea cause or candidate or all three.

**(iv) Campaigns** : These consist of concerted, single-purpose publicity programme, usually on a more or less elaborate scale, employing coordinated publicity through a variety of media, aimed, at a number of targets, but focused on specific objectives. A campaign objective may be the election of a candidate, the promotion of political cause or issue, the reaching of a sales goal, or the raising of a quota of funds.

**(v) Lobbying** : It entails the exertion of influence, smooth and measured pressure on other, exercise of persuasion cum-pressure. In essence, it means a group putting its points of view forward in an attempt to win the other groups support.

## Following are Three Key Areas where PR

PR is used to effectively communicate key messages to a diverse public. By first identifying all audiences-and their drivers- messages can then be tailored to resonate with each party so that each takes the desired action.

## Message Development

Include all of the distinct groups that make up audience so messaging addresses each of their unique needs. Following are some key groups to consider :

- Customers
- Prospects
- Employees
- Investors
- Partners
- Suppliers
- Press
- News outlets
- Social media networks

**(i) Content Marketing** : A fundamental principle of PR is establishing and nurturing relationships. Having long-standing relationships with industry experts, reporters, editors, reviewers and bloggers is important to get your stories covered and keep your company relevant.

**(ii) Brand Awareness** : A core function of PR is to quickly distribute information and generate awareness among large audiences. Seeing a company name published across a trusted news source implies validation and leaves the impression that the brand is credible and trustworthy.

#### 4. Direct Marketing

Direct marketing occurs when businesses address customers through a multitude of channels, including mail, e-mail, phone, and in person. Direct marketing messages involve a specific "call to action," such as "Call this toll-free-number" or "Click this link to subscribe." The results of such campaigns are immediately measurable, as a business can track how many customers have responded through a message's call to action.

Direct marketing is a form of marketing in which a single customer is approached for advertisement of the product. It attempts to acquire and retain customers by contacting them without the use of an intermediary.

The objective of direct marketing is to garner a direct response, which may take one of the following forms :

- A purchase over the telephone or by post
- A request for a catalogue or sales literature
- An agreement to visit a location / event (e.g., an exhibition)
- Participation in some form of action (e.g., joining a political party)
- A request for a demonstration of a product
- A request for a sales person's visit

#### Forms of Direct Marketing

- Physical mail
- E-mail
- Telemarketing (phone)
- Short message service (texting)
- Broadcast faxing
- Couponing
- Direct response TV (commercials or infomercials)
- Insert media
- Face-to-face selling
- Door-to-door flyers/leaflets

#### Message Development

Include all of the distinct groups that make up audience so messaging addresses each of their unique needs. Following are some key groups to consider :

- Customers
- Prospects
- Employees
- Investors
- Partners
- Suppliers
- Press
- News outlets
- Social media networks

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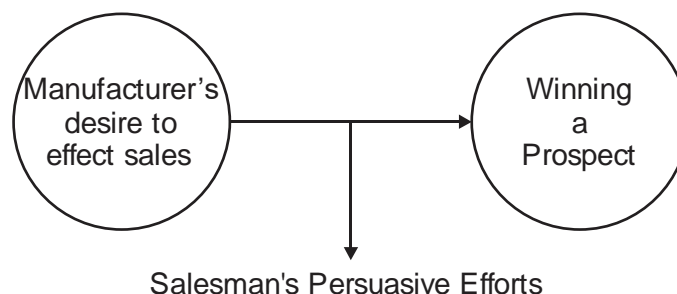
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#### 5. Personal Selling

Personal selling is a face-to-face contact between the salesman and the prospect; through which the salesman persuades the prospect, to appreciate the need for the product canvassed by him - with the expectation of a sales-transaction, being eventually materialized.





**According to American Marketing Association** "the personal process of assisting and/or persuading a prospective customer to buy a commodity or service and to act favorably upon an idea that has commercial significance to the seller"

The person who sells goods to you in this way is called a 'salesman' and the technique of selling is known as 'personal selling' or 'salesmanship'. Thus, personal selling refers to the presentation of goods before the potential buyers and persuading them to purchase it. It involves face-to-face interaction and physical verification of the goods to be purchased. The objective is not only just to sell the product to a person but also to make him/her a permanent customer.

### Importance of Personal Selling

- New products can be introduced in the market through personal selling.
- Personal selling is required to sell high-priced consumer durables like television, refrigerator, etc.
- Personal selling is absolutely necessary to sell products like computers that require technical knowledge.
- Personal selling is essential to sell anything that requires persuasion of the buyers, e.g., Insurance.
- Personal selling becomes necessary for a firm to achieve quick sales.
- It also helps to obtain necessary information about the market and pass on the same to the producer.

### Essential Elements of Personal Selling

- Face-to-Face Interaction** : Personal selling involves a salesmen having face-to-face interaction with the prospective buyers.
- Persuasion** : Personal selling requires persuasion on the part of the seller to the prospective customers to buy the product. So a salesman must have the ability to convince the customers so that an interest may be created in the mind of the customers to use that product.
- Flexibility** : The approach of personal selling is always flexible. Sometimes salesman may explain the features and benefits of the product, sometimes give demonstration of the use of product and also faces number of queries from the customers. Looking into the situation and interest of the customers, the approach of the salesman is decided instantly.
- Promotion of Sales** : The ultimate objective of personal selling is to promote sales by convincing more and more customers to use the product.
- Supply of Information** : Personal selling provides various information to the customers regarding availability of the product, special features, uses and utility of the products. So it is an educative process.
- Mutual Benefit** : It is a two-way process. Both seller and buyer derive benefit from it. While customers feel satisfied with the goods, the seller enjoys the profits.

### Steps Involved in Personal Selling

**1. Identifying the Buyers** : The first step in personal selling is to identify the potential buyer. The salesman cannot call on any buyer at random for different types of goods. Products like toothpaste, soap or hair-oil can be offered to anybody. But there are certain products which can be offered to certain buyers only.

Products like television, fridge, etc., can be offered only to those who are prosperous. There are still certain other products like computer, air-conditioner, etc., that are desired only by a few even within the affluent group. Thus, the main task of the salesman is to identify correctly the potential buyers.

**2. Approaching the Buyers :** Having identified the potential buyers, the next step is to approach them. The salesman has to adopt a planned approach in contacting the buyers. He is wrong if he thinks that he can call on any buyer at any time as per his own will and wish.

The salesman has to first of all find out the convenience of the buyer and fix up an appointment with him. This is particularly necessary if the salesman is selling intangibles like insurance or expensive goods like vacuum cleaner, personal computer, etc.

**3. Overcoming Objections :** During the discussion with the prospective buyer, the salesman is sure to receive certain objections from the former. The salesman should never be under the impression that the buyer will accept. The buyer may have his own ideas and may not accept all the claims of the salesman.

The salesman shall not speak in a manner to provoke the buyer. In fact, in the course of the discussion, even if the buyer gets provoked, the salesman has to keep his cool and diplomatically overcome the objections raised by the buyer.

**4. Closing the Sale :** Once the buyer is convinced of the product or service, customer is going to give his consent. The success of personal selling lies in the ability of the salesman to get the buyer's consent. Not every salesman has the ability to complete the deal successfully. Only those salesmen who have the skill, knowledge and courage will be able to do the work fruitfully.

### **Personal Selling Methods**

Any one of the following selling methods may be used in personal selling, depending upon characteristics of a product or buyer.

**1. Tender Selling :** The buyer may invite open tenders through newspapers and a company is required to submit their offers with price, terms of payment and delivery period, etc.

Generally, in all Government purchase, sealed tenders are invited and are opened on a particular prefixed date and time and orders may be granted to the lowest bidder. Sometimes, purchaser may negotiate bids and finalize order with a company which may not be the lowest bidder. The role of a salesman will be quite useful in such negotiations.

**2. Selling Through Discussions :** In large companies, orders are finalized following discussions, at the purchaser's place. The order is generally issued after verifying seller's performance, reliability and after sales service.

Generally, private sector companies choose this route as this is faster and many problems and clarifications could be thrashed out across the table through informal and formal discussions.

**3. Door to Door Selling :** In this method, company's salesman visits prospective buyers to explore the possibilities of selling. This method is generally used for household products and for new product introduction.

This method of selling is highly useful in rural, semi urban and even in cities. In India, consumer products like soaps, shampoo, sarees are sold regularly through door to door selling.

**4. Over the Counter Selling (OTC Selling) :** In this method, in all retail outlets, the salesmen sell a company's products exclusively and this method is used for all consumer goods. In India and in many Asian countries, this method employs highest number of salespersons. Such as Indian companies like Reliance (Only Vimal Showrooms), Bata, Philips, BPL, Sony, Asian Paints etc.

**Q.** Match items in List-II with items in List-I :

**(June 2012) P-III**

| <b>List-I</b>             | <b>List-II</b>               |
|---------------------------|------------------------------|
| (a) Mega Marketing        | (i) Advertising              |
| (b) Penetration Price     | (ii) Kotler                  |
| (c) Promotion Mix         | (iii) Low price              |
| (d) Customer Satisfaction | (iv) Post Purchase Behaviour |

**Codes :**

|     | (a)   | (b)   | (c)   | (d)  |
|-----|-------|-------|-------|------|
| (A) | (i)   | (ii)  | (iii) | (iv) |
| (B) | (iii) | (i)   | (ii)  | (iv) |
| (C) | (iv)  | (iii) | (ii)  | (i)  |
| (D) | (iii) | (iv)  | (i)   | (ii) |

**Ans.** (B)

**Q.** **Statement (A) :** Sales promotion has a strong impact on consumer behavior in rural India.

**Reason (R) :** Rural people in India give utmost significance to sales promotion schemes.

**Codes :**

**(June 2012) P-III**

- (A) Statement (A) is correct but Reason (R) is incorrect.
- (B) Statement (A) is incorrect, but Reason (R) is correct.
- (C) Both Statement (A) and Reason (R) are correct.
- (D) Both Statement (A) and Reason (R) are incorrect.

**Ans.** (A)

**Q.** In broader sense, marketing communication includes

**(June 2012) P-III**

- |             |           |
|-------------|-----------|
| (A) Product | (B) Price |
| (C) Place   | (D) All   |

**Ans.** (D)

**Q.** Find incorrect statement :

**(June 2012) P-III**

- (A) Marketers arouse emotional motives
- (B) Marketers satisfy rational motives
- (C) Marketers formulate different sales promotions for different motives
- (D) None of the above

**Ans.** (D)

**Q.** Which is used for short-term sales achievement ?

**(Dec. 2012) P-III**

- |                      |                      |
|----------------------|----------------------|
| (A) Personal selling | (B) Advertising      |
| (C) Sales Promotion  | (D) Public Relations |

**Ans.** (C)

**Q.** Who do buy more, complain less, spread positive word of mouth, ensure a large customer base and repeat business ?

**(Dec. 2012) P-III**

- |                          |                         |
|--------------------------|-------------------------|
| (A) Satisfied customers  | (B) Delighted customers |
| (C) Industrial customers | (D) None of the above   |

**Ans.** (B)

**Q.** Which method of setting the advertising budget of a company is considered to be the most scientific ?

**(Dec. 2013) P-III**

- |                               |                                 |
|-------------------------------|---------------------------------|
| (A) All-you-can-afford method | (B) Percentage of sales method  |
| (C) Competitive-parity method | (D) Objectives and tasks method |

**Ans.** (D)

**Q.** The most recent consideration in product packaging is **(June 2014) P-III**

- (A) Cost effectiveness (B) Product protection  
(C) Product promotion (D) Economy

**Ans.** (C)

**Q.** The promotion mix of a company consists of these : **(Dec. 2014) P-II**

- (A) Marketing communication, promotion decisions  
(B) Personal selling, product objectives  
(C) Advertising, personal selling, sales promotion, publicity and public relations  
(D) Consumer psychology, buyers motives, brand equity

**Ans.** (C)

**Q.** Most of the money spent in measuring the effectiveness of advertising is spent on **(June 2014) P-III**

- (A) Communication-response research  
(B) Pre-testing the advertisements  
(C) Post-testing the advertisements  
(D) Sales-response research

**Ans.** (B)

**Q.** Which method of setting advertising budget is most scientific and logical ? **(June 2014) P-II**

- (A) All-you-can afford method (B) Competitive parity method  
(C) Objective-and-task method (D) Percentage-of-sales method

**Ans.** (C)

**Q.** Match the items of List-I with the items of the List-II : **(Dec. 2014) P-III**

| <b>List-I (Company Name)</b> |         | <b>List-II (Brand)</b> |         |
|------------------------------|---------|------------------------|---------|
| (a)                          | HUL     | (i)                    | Cerelac |
| (b)                          | ITC     | (ii)                   | Eclares |
| (c)                          | Nestle  | (iii)                  | Vivel   |
| (d)                          | Cadbury | (iv)                   | Sunsilk |

**Codes :**

|     | <b>(a)</b> | <b>(b)</b> | <b>(c)</b> | <b>(d)</b> |
|-----|------------|------------|------------|------------|
| (A) | (iv)       | (iii)      | (i)        | (ii)       |
| (B) | (i)        | (ii)       | (iii)      | (iv)       |
| (C) | (iv)       | (ii)       | (iii)      | (i)        |
| (D) | (iv)       | (iii)      | (ii)       | (i)        |

**Ans.** (A)

**Q.** Which one of the following is correct statement in respect of co-branding ?

(June 2015) P-III

- (A) Co-branding is an umbrella branding of goods of a company.
- (B) In co-branding, two or more well-known existing brands are combined into a joint product.
- (C) Co-branding is the process of combining two brands for promoting brand equity.
- (D) All of the above

**Ans.** (B)

**Q.** Which of the following is not a type of direct marketing ?

(June 2015) P-II

- (A) Direct mail marketing
- (B) Retail marketing
- (C) Telemarketing
- (D) Email direct marketing

**Ans.** (B)

**Q.** 'Press release' is a part of :

(June 2015) P-II

- (A) Public relations
- (B) Advertising
- (C) Sales promotion
- (D) None of the above

**Ans.** (A)

**Q.** Match the items of List-I with the items of List-II :

(June 2015) P-III

**List-I**

**List-II**

- |                                    |  |
|------------------------------------|--|
| (a) Face-to-face interaction with  | (i) Sales promotion one or more prospective purchasers |
| (b) Any paid form of non -personal | (ii) Public relations promotion                        |
| (c) Short-term incentives to       | (iii) Personal selling encourage purchase              |
| (d) Programme to promote           | (iv) Advertising company's image                       |

**Codes :**

- |     | (a)   | (b)   | (c)   | (d)  |
|-----|-------|-------|-------|------|
| (A) | (iii) | (iv)  | (ii)  | (i)  |
| (B) | (iii) | (iv)  | (i)   | (ii) |
| (C) | (ii)  | (i)   | (iii) | (iv) |
| (D) | (ii)  | (iii) | (i)   | (iv) |

**Ans.** (B)

**Q.** **Assertion (A) :** Too many stimuli make a person accommodated to those sensations. Sensory adaptation is a problem that concerns many advertisers, which is why they try to change their advertising campaigns regularly.

**Reason (R) :** To cut through advertising clutter and to ensure that consumers perceive advertisement, marketers try to increase sensory input.

**Codes :**

(July 2016) P-II

- (1) (A) is right and (R) is wrong.
- (2) (A) is wrong and (R) is right.
- (3) Both (A) and (R) are right but (R) does not explain (A).
- (4) Both (A) and (R) are right and (R) explains (A).

**Ans.** (4)



**Q.** Match the media factors given in List-I with examples given in List-II and indicate the code of current matching. **(Jan. 2017) P-III**

**List-I**

- (a) Media class
- (b) Media vehicles
- (c) Media option
- (d) Scheduling & timing

**List-II**

- (i) Prime time at 9:00 PM, full page ad of Honda City
- (ii) Magazine, T.V., Radio
- (iii) Flighting, Pulsing
- (iv) Times of India, T.V. serial Bhabhi Ji Ghar Pe Hain

**Codes :**

- |     | <b>(a)</b> | <b>(b)</b> | <b>(c)</b> | <b>(d)</b> |
|-----|------------|------------|------------|------------|
| (1) | (ii)       | (iv)       | (i)        | (iii)      |
| (2) | (iii)      | (i)        | (iv)       | (ii)       |
| (3) | (i)        | (ii)       | (iv)       | (iii)      |
| (4) | (iv)       | (ii)       | (iii)      | (i)        |

**Ans.** (1)

**Q.** The marketing task which finds ways to alter the time pattern of demand through flexible pricing, promotion and other incentives is called **(Jan. 2017) P-II**

- |                    |                       |
|--------------------|-----------------------|
| (1) Demarketing    | (2) Synchro marketing |
| (3) Flex marketing | (4) Gorilla Marketing |

**Ans.** (2)

**Q.** Deferment, Autonomy of object, use of the common place, involvement/detachment and use of metaphor are description of which of the following technique ? **(Jan. 2017) P-III**

- |                         |                       |
|-------------------------|-----------------------|
| (1) Brainstorming       | (2) Synectics         |
| (3) Forced Relationship | (4) Attribute listing |

**Ans.** (2)